

Message Text

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ORIGIN PM-04

INFO OCT-01 AF-06 ISO-00 EB-07 MC-02 AID-05 IGA-02 L-03

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OMB-01 SP-02 /045 R

DRAFTED BY PM/SAS:DHESTER:RF

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OASD/DSAA - P. SOMMER

TREASURY - C. CROSSWHITE

----- 122376

R 040209Z MAR 76

FM SECSTATE WASHDC

TO AMEMBASSY MONROVIA

INFO USCINCEUR VAIHINGEN GERMANY

C O N F I D E N T I A L STATE 052249

E.O. 11652: GDS

TAGS: MASS, LI

SUBJECT: FY 76 FMS CREDIT FOR LIBERIA

REF: (A) CLIBMISH 031115Z FEB 76 (NOTAL)

(B) AMEMBASSY MONROVIA 6677, 10 NOV 75 (NOTAL)

(C) AMEMBASSY MONROVIA 778,30 JAN 76

1. WE ARE PREPARED TO SEEK INTERAGENCY APPROVAL FOR \$1.7 MILLION USG GUARANTEED FY 76 FMS CREDIT FOR LIBERIA UNDER CONTINUING RESOLUTION AUTHORITY. LOAN WOULD BE PROVIDED BY FEDERAL FINANCING BANK (F"B) AS NOTED PARA 2 BELOW. CREDIT FIGURE REFLECTS \$.5 MILLION CREDIT PREVIOUSLY PROPOSED PLUS ADDITIONAL \$1.2 MILLION REMAINDER OF \$2.5 MILLION SUPPLEMENTARY CREDIT REQUEST MOST RECENTLY REPEATED IN REFS B AND C.

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2. FY 76 CREDIT TO BE OFFERED LIBERIA IS USG GUARANTEED RATHER THAN DIRECT CREDIT AND WOULD BE PROVIDED THROUGH FFB, WHICH IS INSTRUMENTALITY OF USG UNDER DIRECTION OF SECRETARY OF THE TREASURY. FOMM AND TERMS OF FFB LOAN AGREEMENT USING USG GUARANTEED FMS CREDIT ARE SOMEWHAT SIMILAR ALTHOUGH NOT EXACTLY THE SAME AS DIRECT FMS CREDIT. FFB LOAN REQUIRES THAT SINGLE PROMISSORY NOTE FOR ENTIRE AMOUNT OF LOAN BE SIGNED BEFORE ANY

FUNDS ARE ADVANCED AND IN ANYEVENT NOT LATER THAN JUNE 30, 1976. EACH DRAWDOWN/ADVANCE/DISBURSEMENT OF FUNDS IS THEN RECORDED AGAINST THAT NOTE AT TIME IT IS MADE.

3. ALTHOUGH REF B DETAILS USE OF\$.5 MILLION CREDIT, PLEASE CONFIRM SPECIFIC ITEMS TO BE FINANCED WITH EXPANDED \$1.7 MILLION USG GUARANTEED FMS CREDIT, INCLUDING ITEMS FOR CIVIC ACTION PROGRAM. WE DO NOT RPT NOT CONCUR IN GOL USING FY 76 CREDIT TO PROCURE ITEMS REQUESTED REF A FOR ARMY SPECIAL SECURITY ELEMENT RESPONSIBLE FOR PRESIDENTIAL PROTECTION.

4. MAJOR DIFFERENCE BETWEEN FMS CREDIT AND USG GUARANTEED FMS CREDIT THROUGH FFB IS WAY IN WHICH THE INTEREST RATE. IS DETERMINED AND APPLIED. IN CASEOF DIRECT FMS CREDIT, A FIXED INTEREST RATE IS DETERMINED IN ADVANCE OF SIG- NATURE OF LOAN AGREEMENT ON BASIS OF AVERAGE COST OF MONEY TO USG ON LAST DAY OF MONTH PRECEDING MONTH IN WHICH LOAN AGREEMENT IS SIGNED. THIS INTEREST RATE IS THEN APPLIED AGAINST ALL DISBURSEMENTS AGAINST THE CREDIT. IN CASE OF GUARANTEED LOAN THROUGH FFB, SEPARATE FIXED INTEREST RATE IS DETERMINED FOR EACH DISBURSEMENT ON THE DAY DISBURSED AT -OST OF MONEY TO USG ON THAT DAY PLUS AN ADDED ONE EIGHTH OF ONE PERCENT TO COVER ADMINISTRATIVE FEES. AFTER THE LAST DISBURSEMENT, THE FFB ESTABLISHES SINGLE FIXED EQUIVALENT INTEREST RATE (I.E. A WEIGHTED AVERAGE OF THE SEVERAL SEPARATE RATES) FOR APPLICATION AGAINST ALL OUT-STANDING PRINCIPAL.

5. THE FOLLOWING DOCUMENTATION WOULD BE REQUIRED BY FFB FROM GOL IN ORDER TO MAKE THE LOAN READYFOR DISBURSE-
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MENT:

- A. GOL AUTHORIZATION TO ITS REPRESENTATIVE TO SIGN THIS LOAN AGREEMENT.
- B. GOL AUTHORIZATION TO ITS REPRESENTATIVE TO SIGN PROMISSORY NOTE FOR THIS LOAN. LOAN AGREEMENT AND PROMISSORY NOTE NORMALLY ARE SIGNED BY RECIPIENT COUNTRY'S

AMBASSADOR IN WASHINGTON,

C. WRITTEN LEGAL OPINION IN ENGLISH LANGUAGE
BY THE COMPETENT LEGAL ADVISER OF APPROPRIATE MINISTRY
OF GOL TO THE VARIOUS AUTHORITIES NECESSARY TO EXECUTE,

DELIVER AND ADMINISTER THE AGREEMENT (FOR OPINION'S FORMAT,
SEE PARA 8 BELOW). IN OUR VIEW, THE LEGAL OPINION SHOULD
AUTHORIZE AND DESIGNATE LOCAL EMBASSY OFFICIAL (S) TO
SIGN DRAW-DOWN REQUESTS/ADVANCES. SEE PARA 5 OF LEGAL
OPINION.

D. CHECK FOR ONE-TIME GUARANTY FEE OF \$4,250, WHICH
IS PAYABLE BY THE BORROWER FROM ITS OWN FUNDS AT TIME LOAN
AGREEMENT IS SIGNED. THERE ARE NO COMMITMENT OR OTHER
FEES.

6. TERMS OF FY 76 GUARANTEED CREDIT TO GOL ARE:

A. COMMITMENT (DISBURSEMENT) PERIOD END 30 JUNE
1977.

B. PRINCIPAL REPAYMENT SCHEDULE: TEN SEMI-ANNUAL
INSTALLMENTS OF PRINCIPAL REPAYMENTS, COMMENCING
31 DECEMBER 1976 AND ENDING JUNE 1981.

C. INTEREST IS PAID EACH JUNE 30 AND DECEMBER 31
ON OUTSTANDING PRINCIPAL, COMMENCING 30 JUNE 1976.

7. REQUESTS FOR ADVANCES WOULD BE SUBMITTED BY GOL TO
DSAA AT LEAST SIX WORKING DAYS PRIOR TO DISBURSEMENT FOR
VALIDATION AND FORWARDING TO FFB, PAYMENTS OF PRINCIPAL
AND INTEREST TO FFB WOULD BE MADE BY GOL TO FEDERAL RESERVE
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BANK OF NEW YORK FOR ACCOUNT OF FFB.

8. LEGAL OPINION FORMAT IS AS FOLLOWS: TITLE: "OPINION
OF THE LEGAL ADVISER OF THE MINISTRY OF -----,
GOVERNMENT OF LIBERIA.

"THIS LEGAL OPINION IS RENDERED IN SATISFACTION
OF THE REQUIREMENTS OF THE LOAN AGREEMENT BETWEEN THE
GOVERNMENT OF ----- (HEREINAFTER REFERRED TO AS THE
"GOVERNMENT"), AND THE UNITED STATES FEDERAL FINANCING
BANK (HEREINAFTER REFERRED TO AS THE "FFB"), DATED -----
-----, AND THE PROMISSORY NOTE ISSUED BY THE GOVERN-
MENT, DATED -----, GUARANTEED BY THE DEFENSE SECURITY
ASSISTANCE AGENCY OF THE UNITED STATES DEPARTMENT OF
DEFENSE (HEREINAFTER REFERRED TO AS "DSAA"), DATED -----,

AND PROVIDING FOR ADVANCES IN THE AGGREGATE AMOUNT OF
----- (\$ -----).

I, THE UNDERSIGNED -----, LEGAL ADVISER, TO
THE MINISTRY OF -----, OF THE GOVERNMENT
OF -----DO HEREBY CERTIFY AS FOLLOWS:

1. THE GOVERNMENT HAS FULL POWER, AUTHORITY AND
LEGAL RIGHT TO INCUR THE INDEBTEDNESS CONTEMPLATED IN THE
ABOVE DESCRIBED LOAN AGREEMENT ON THE TERMS AND CONDITIONS
CONTAINED THEREIN, AND TO EXECUTE, DELIVER AND PERFORM
THE SAID LOAN AGREEMENT AND THE PROMISSORY NOTE THEREUNDER.

2. THE EXECUTION, DELIVERY AND PERFORMANCE OF THE
SAID LOAN AGREEMENT AND PROMISSORY NOTE WILL NOT VIOLATE
ANY PROVISIONS OF, AND HAVE BEEN DULY AND VALIDLY
AUTHORIZED UNDER THE LAWS OF THE GOVERNMENT, AND ALL
ACTIONS NECESSARY TO AUTHORIZE THE BORROWINGS THEREUNDER
AND THE EXECUTION, DELIVERY AND PERFORMANCE OF THE SAID
LOAN AGREEMENT AND THE PROMISSORY NOTE HAVE BEEN DULY
TAKEN.

3. THE SAID LOAN AGREEMENT AND THE PROMISSORY NOTE
HAVE BEEN DULY EXECUTED AND DELIVERED BY PERSONS THEREUNTO
DULY AUTHORIZED AND CONSTITUTE THE VALID LEGALLY BINDING,
DIRECT AND UNCONDITIONAL GENERAL OBLIGATIONS OF THE
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GOVERNMENT ENFORCEABLE IN ACCORDANCE WITH THEIR RESPECTIVE
TERMS.

4. THE FOLLOWING OFFICIAL (S) OF THE GOVERNMENT,----

IS (ARE) DULY AUTHORIZED TO EXECUTE AND DELIVER THE SAID
LOAN AGREEMENT AND THE PROMISSORY NOTE.

5. THE FOLLOWING OFFICIAL (S) OF THE GOVERNMENT, ---

IS (ARE) DULY AUTHORIZED TO EXECUTE AND DELIVER SUCH OTHER
DOCUMENTS AS MAY BE REQUIRED UNDER THE SAID LOAN AGREEMENT
AND, AS MAY BE APPROPRIATE, TO SPECIFY THAT THE FUNDS
ADVANCED UNDER THE SAID LOAN AGREEMENT AND PROMISSORY
NOTE ARE TO BE TRANSFERRED BY THE FFB (A) TO THE RESPECTIVE
ACCOUNTS OF THE UNITED STATES DEPARTMENT OF ARMY, NAVY,
OR AIR FORCE, OR (B) TO A TRUST FUND ACCOUNT ADMINISTERED
BY THE U.S. DEPARTMENT OF DEFENSE FOR THE PURPOSE OF MAKING
PAYMENTS TO U.S. COMMERCIAL SUPPLIERS ON BEHALF OF THE
GOVERNMENT.

6. NO TAX OR DUTY, OF WHATSOEVER NATURE, IMPOSED OR

LEVIED BY THE GOVERNMENT OR ANY TAXING AUTHORITY THEREIN
OR THEREOF IS PAYABLE ON ACCOUNT OF THE CREATION, ISSUE OR
TRANSFER OF SUCH LOAN AGREEMENT OR NOTE OR IS PAYABLE ON
ACCOUNT OF, OR IS REQUIRED TO BE WITHHELD FROM THE PAYMENT
OF INTEREST OR PRINCIPAL IN RESPECT OF THE LOAN AGREEMENT
OR NOTE, PROVIDED THAT THIS PARAGRAPH SHALL NOT APPLY IF
THE FFB SHOULD ASSIGN THE LOAN AGREEMENT OR NOTE AND THE

ASSIGNEE OR ITS ASSIGNS (EITHER AS HOLDER OR RECORD OR
AS BENEFICIAL OWNER) IS EITHER A RESIDENT OR NATIONAL OF
THE GOVERNMENT OR A CORPORATION, PARTNERSHIP OR OTHER
JURIDICAL ENTITY ORGANIZED UNDER ITS LAWS.

7. THIS OPINION EXTENDS TO ALL PROVISIONS OF THE
LOAN AGREEMENT AND NOTE.

8. ANY ASSIGNEE OF THE LOAN AGREEMENT OR NOTE MAY
REPLY ON THIS OPINION." FORMAT CLOSING INCLUDES DATE AND
SIGNATURE BLOCK. KISSINGER
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Message Attributes

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Capture Date: 01 JAN 1994
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Control Number: n/a
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Draft Date: 04 MAR 1976
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
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Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Enclosure: n/a
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Margaret P. Grafeld
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To: MONROVIA
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